

# SENATE, No. 2080

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MARCH 3, 2022

**Sponsored by:**

**Senator MICHAEL L. TESTA, JR.**

**District 1 (Atlantic, Cape May and Cumberland)**

**Senator VIN GOPAL**

**District 11 (Monmouth)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Co-Sponsored by:**

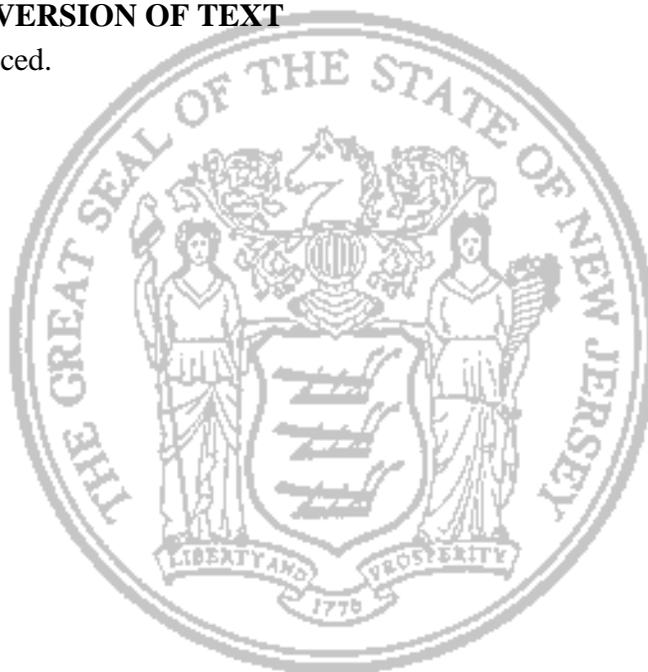
**Senators Sarlo, Singer, Stack and Cruz-Perez**

**SYNOPSIS**

Repeals \$100,000 cap on sales and use tax exemption for certain capital improvements made by businesses participating in Urban Enterprise Zone program.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/27/2022)**

1 AN ACT repealing the \$100,000 cap on the sales and use tax  
2 exemption for certain capital improvements, amending P.L.2021,  
3 c.197.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 8 of P.L.2021, c.197 (C.52:27H-79.1) is amended to  
9 read as follows:

10 8. a. Receipts from **the first \$100,000 of** retail sales of  
11 materials, supplies, and services for the exclusive use of erecting  
12 structures or buildings on, or improving, altering, or repairing the  
13 real property of a qualified business, or a contractor hired by the  
14 qualified business to make such improvements, alterations, or  
15 repairs, are exempt from the taxes imposed under the "Sales and  
16 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided,  
17 however, receipts from retail sales of materials, supplies, and  
18 services for the exclusive use of erecting new structures or  
19 buildings on, or substantially improving, altering, or repairing the  
20 real property of a qualified business shall be eligible for such tax  
21 exemption notwithstanding the limit imposed pursuant to this  
22 subsection.

23 b. As used in this section:

24 "Qualified business" includes a person who is certified as a  
25 qualified business by the authority and provided a UZ-4  
26 certification by the authority. A person who is certified as a  
27 qualified business may apply to the authority for a UZ-4  
28 certification provided that the person owns or leases and regularly  
29 operates a place of business located in an eligible block group, as  
30 defined in subsection a. of section 12 of P.L.2021, c.197  
31 (C.52:27H-99). The Department of the Treasury shall provide to a  
32 qualified business a certificate evidencing its UZ-4 certification,  
33 which certificate shall indicate the location at which the sales tax  
34 exemption provided for in this section is available.

35 "Substantially improving, altering, or repairing" means any  
36 reconstruction, rehabilitation, addition, or other improvement to a  
37 structure, of which the total cost equals to or exceeds 50 percent of  
38 the market value of the structure before the start of construction of  
39 the improvement. The UEZ Authority may, from time to time, alter  
40 this definition through regulation to respond to changing market  
41 conditions.

42 (cf: P.L.2021, c.197, s.8)

43  
44 2. This act shall take effect immediately and shall apply  
45 retroactively to sales and uses on and after January 1, 2022.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 STATEMENT

2

3 This bill retroactively repeals the \$100,000 cap on the sales tax  
4 exemption for retail sales of materials, supplies, and services for the  
5 exclusive use of erecting structures or buildings on, or improving,  
6 altering or repairing the real property of a qualified business, or a  
7 contractor hired by the qualified business to make such  
8 improvements, alterations, or repairs. This sales tax exemption is  
9 currently available to qualified businesses participating in the State  
10 Urban Enterprise Zone program.

11 The sales tax exemption was enacted in August of 2021 with a  
12 cap of \$100,000, and applies to sales and uses on or after January 1,  
13 2022. This bill keeps the exemption in place but eliminates the cap  
14 retroactively to January 1, 2022.